

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

FTX TRADING LTD., *et al.*,¹

Debtors.

Chapter 11

Case No. 22-11068 (JTD)

(Jointly Administered)

**DECLARATION OF EDGAR W. MOSLEY II IN SUPPORT OF MOTION OF
DEBTORS FOR ENTRY OF AN ORDER DISMISSING THE CHAPTER 11 CASE
OF FTX EXCHANGE FZE**

I, Edgar W. Mosley II, hereby declare under penalty of perjury:

1. I am a Managing Director at Alvarez & Marsal North America, LLC (“A&M”), a restructuring advisory services firm specializing in interim management, crisis management, turnaround consulting, operational due diligence, creditor advisory services and financial and operation restructuring.

2. I have more than 20 years of restructuring and distressed investment experience across various industries, including oil & gas, manufacturing, transportation, automotive, retail, industrial construction, telecommunications, healthcare, and consumer products. I have a Bachelor’s Degree from Harvard University, and have been recognized as a Certified Insolvency and Restructuring Advisor by the Association of Insolvency and Restructuring Advisors, where I served on the board from 2019 until 2020.

¹ The last four digits of FTX Trading Ltd.’s and Alameda Research LLC’s tax identification number are 3288 and 4063 respectively. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ claims and noticing agent at <https://cases.ra.kroll.com/FTX>. The principal place of business of Debtor Emergent Fidelity Technologies Ltd is Unit 3B, Bryson’s Commercial Complex, Friars Hill Road, St. John’s, Antigua and Barbuda.

3. Since joining A&M, I have been involved in numerous Chapter 11 restructurings including Seadrill Limited (2020 and 2017), Valaris plc, Diamond Offshore Drilling, Inc., Imerys Talc America, White Star Petroleum, Southcross Energy, Magnum Hunter Resources, Exide Technologies (where I served as the Chief Restructuring Officer), and Visteon Corporation.

4. I submit this declaration (the “Declaration”) in support of the Debtors obtaining final relief with respect to the *Motion of Debtors for Entry of an Order Dismissing the Chapter 11 Case of Debtor FTX Exchange FZE* (the “Motion”).² I am not being compensated separately for this testimony other than through payments received by A&M as financial advisor retained by FTX Trading Ltd. and its affiliated debtors and debtors-in-possession (collectively, the “Debtors”). Except as otherwise indicated herein, all of the facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents, information provided to me by A&M professionals involved in advising the Debtors in the above-captioned case (the “Chapter 11 Case”) or information provided to me by the Debtors. If called upon to testify, I could and would testify to the facts set forth herein on that basis. I am authorized to submit this Declaration on behalf of the Debtors.

5. Debtor FTX Exchange FZE (“FTX Dubai”) is an entity organized in the United Arab Emirates and is a direct, wholly-owned subsidiary of Debtor FTX Europe AG (“FTX Europe”) and an indirect, wholly-owned subsidiary of Debtor FTX Trading Ltd (“FTX Trading”).

² Capitalized terms not otherwise defined herein are to be given the meanings ascribed to them in the Motion.

6. Prior to the Petition Date, FTX Dubai was established on February 11, 2022 under the laws of the United Arab Emirates to operate a crypto exchange.

7. On July 12, 2022, FTX Dubai was granted a virtual asset service provider license (the “License”) from Dubai’s Virtual Assets Regulatory Authority (“VARA”). Notwithstanding the grant of the License, FTX Dubai did not offer any crypto-related services to investors in the United Arab Emirates or operate a crypto exchange prior to the Petition Date. On November 10, 2022, VARA suspended the License and, on July 12, 2023, the License expired.

8. FTX Dubai has never engaged in any operational activities and has never had any customers. Following the commencement of these Chapter 11 Cases, the Debtors have taken measures to reduce the cash operating expenditures of FTX Dubai. All employees were dismissed in light of FTX Dubai’s non-operational status, with the exception of the sole director and manager, Mr. Balsam Danhach, who is expected to remain an employee of FTX Dubai until its local liquidation is completed. The lease agreement for the business premises of FTX Dubai has also been terminated with the consent of VARA in its capacity as both landlord and regulator, subject to the contextual payment of an early termination penalty, with mutual release of the parties from all claims, liabilities, actions and demands. Other than certain computer equipment to be transferred to VARA in connection with termination of its lease agreement, FTX Dubai does not hold any other material tangible or intangible assets of any kind.

9. I understand that on May 31, 2023, VARA informed FTX Dubai management of its intention to not renew the License in the event that the License was not voluntarily terminated in connection with a liquidation of FTX Dubai and that any hypothetical

renewal of the License would have been treated as an entirely new application. Subsequently, on July 12, 2023 the License expired.

10. I understand that without the License, FTX Dubai cannot commence any operations, and the Debtors believe that there is no reason to start a new application.

11. Based on A&M's analysis of information in books and records made available to date by FTX Dubai, as of the date of the Motion, FTX Dubai holds approximately \$4.5 million in several accounts, of which \$4 million is currently restricted by VARA as security for the License. I understand that on July 25, 2023, VARA confirmed to FTX Dubai management that such restricted cash would be released in the context of the liquidation of FTX Dubai according to United Arab Emirates laws, only after the mandatory 14 day notice period of the commencement of liquidation, subject to any new information that becomes known during that period.

12. Based on A&M's analysis of information in books and records made available to date by FTX Dubai and to the best of the Debtors' knowledge, as of the date of the Motion, FTX Dubai has aggregate outstanding liabilities of approximately \$600,000, including approximately \$30,000 of employee-related liabilities, approximately \$36,000 of bank guarantee fees, approximately \$526,000 in an intercompany payable to Debtor FTX Trading Ltd. and approximately \$27,000 in an intercompany payable to Debtor FTX Europe AG.

13. Although the Debtors have taken measures to reduce the cash operating expenditures of FTX Dubai, as of the date of the Motion, the current operating costs are approximately \$40,000 per month.

14. Since there is no reasonable prospect of FTX Dubai commencing revenue generating activities, substantially all of the FTX Dubai's assets are located in the United Arab

Emirates and substantially all of the FTX Dubai's prepetition activities occurred in the United Arab Emirates, the Debtors have determined that a timely local voluntary liquidation of FTX Dubai in accordance with the laws of the United Arab Emirates is in the best interests of the Debtors and their estates. I understand that in order to protect the rights and claims of the Debtors in the context of the liquidation of FTX Dubai, FTX Dubai is expected to enter into an agreement with the appointed liquidator to implement basic administrative procedures to harmonize and co-ordinate the activities of the liquidator of FTX Dubai and promote the orderly and efficient administration of the liquidation.

Dated: August 2, 2023

/s/ Edgar W. Mosley II

Edgar W. Mosley II
Alvarez & Marsal North America, LLC
Managing Director